

**IT IS HEREBY ADJUDGED
and DECREED this is SO
ORDERED.**

The party obtaining this order is responsible for
noticing it pursuant to Local Rule 9022-1.

Dated: December 21, 2009



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**RANDOLPH J. HAINES
U.S. Bankruptcy Judge**

Attorneys for ML Manager LLC

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re
MORTGAGES LTD.,
Debtor.

Chapter 11

Case No. 2:08-bk-07465-RJH

**ORDER APPROVING MOTION TO SELL
REAL PROPERTY FREE AND CLEAR OF
LIENS, CLAIMS, ENCUMBRANCES, AND
INTERESTS**

**Real Property located at 50th Street and
Chandler Blvd., Phoenix, AZ**

**Hearing Date: December 16, 2009
Hearing Time: 9:00 a.m.**

16 ML Manager LLC ("ML Manager") filed a Motion ("Motion") (Docket No. 2444)
17 requesting that the Court enter an order authorizing ML Manager as the manager for
18 AZCL Loan LLC and agent for 6 non-contributing pass-through investors to sell the 35
19 acres of real property located at 50th Street and Chandler Blvd., Phoenix, Arizona (the
20 "Property") to Medical Investment Group, LLC for the price and on the terms set forth in
21 the Agreement of Sale and Purchase and Escrow Instructions ("Sale Agreement") which is
22 attached to the Motion as Exhibit A. Among other things, the Sale Agreement provides for
23 the purchase of the 35 acres for approximately \$9,637,650.00 by Medical Investment
24 Group, LLC ("Purchaser"). A notice to creditors, interested parties and the 6 non-
25 contributing pass-through investors of the Motion and the hearing date was served. A
26 response (Docket No. 2498) was filed by Bear Tooth Mountain Holdings, LLP, Pueblo

1 Sereno Mobile Home Park L.L.C., and Morley Rosenfield, M.D. P.C. Restated Profit
2 Sharing Plan (collectively, the “Rev Op Investors”). The ML Manager and the Rev Op
3 Investors have stipulated upon this form of Order, which has resolved the concerns of the
4 Rev Op Investors to the Motion for the purpose of this sale and upon the terms and
5 conditions set forth in this Order. No other party filed a response or objection. The
6 hearing was held on the Motion on December 16, 2009 at 9:00 a.m. in Phoenix.

7 Upon consideration of the Motion, the Court hereby finds as follows:

8 (a) The Motion and the Court’s hearing thereon were duly and properly
9 noticed, and the Court has jurisdiction over the issues presented in the Motion;

10 (b) The purchase price offered constitutes fair consideration for the Property;

11 (c) The Purchaser is a good faith purchaser;

12 (d) The Rev Op Investors consent to the specific sale transaction set forth in the
13 Sale Agreement and, for the limited purpose of this specific transaction, the Rev Op
14 Investors authorize the ML Manager to enter into the Sale Agreement on their behalf and
15 take all steps necessary to close the transaction on the terms and provisions set forth in the
16 Sale Agreement;

17 (e) The investors in the AZCL Loan LLC and the applicable MP Funds have
18 agreed by the applicable dollar vote to the sale terms;

19 (f) The ML Manager is authorized to proceed with this sale pursuant to the
20 terms and provisions of the Sale Agreement and this Order; and

21 (g) The sale is supported by sound business justification, so that the ML
22 Manager shall be authorized to sell the Property in accordance with the terms and
23 provisions of the Sale Agreement.

24 IT IS THEREFORE ORDERED THAT:

25 (1) The Motion is granted to the extent set forth in this Order.

26 (2) On behalf of AZCL Loan LLC, each of the Rev Op Investors and the other

1 non-contributing pass-through investors, ML Manager is authorized to enter into the Sale
2 Agreement and consummate the sale, and is authorized to sell the Property pursuant to the
3 terms of the Sale Agreement and to execute any and all documents needed to consummate
4 the sale of the Property.

5 (3) Effective as of the closing, the sale and transfer of the Property to the
6 Purchaser shall be free and clear of all liens, claims, encumbrances and interests with such
7 liens, claims, encumbrances and interests to attach to the gross sale proceeds. Without
8 limiting the generality of the preceding sentence, effective as of the closing, AZCL Loan
9 LLC, the Rev Op Investors and the other non-contributing pass-through investors who
10 presently have an ownership interest in the Property shall have a percentage interest in the
11 gross sale proceeds from the sale of the Property equal to their existing percentage
12 ownership interest in the Property.

13 (4) The Purchaser is a good faith purchaser for fair consideration of the
14 Property.

15 (5) ML Manager is authorized to pay out of the sale proceeds at closing all costs
16 of sale incurred under the Sale Agreement and escrow, including real property taxes,
17 assessments, broker's fees, title insurance or other closing costs.

18 (6) By no later than two weeks prior to the closing of the sale of the Property,
19 ML Manager will provide the Rev Op Investors and other non-contributing pass-through
20 investors with a written schedule of how ML Manager believes the net sale proceeds (i.e.,
21 gross sales proceeds less costs of sale provided for in paragraph 5 herein) should be
22 distributed after the closing of the sale of the Property. The schedule shall provide a
23 detailed breakdown of and the basis for all amounts proposed to be distributed, used to
24 pay expenses other than expenses of sale, used for repayment of exit financing, or
25 reserved for future costs and expenses, among other things, from the net sales proceeds for
26 each of the AZCL Loan LLC, the Rev Op Investors and the other non-contributing pass-

1 through investors with an interest in the Property. The Rev Op Investors and the other
2 non-contributing pass-through investors shall have five (5) business days after receipt of
3 the written schedule to notify ML Manager of their objection.

4 (7) If the Rev Op Investors agree that ML Manager's schedule of proposed
5 distributions is correct, then the Rev Op Investors shall so notify ML Manager in writing
6 and ML Manager shall be authorized to disburse the net sale proceeds after the closing of
7 the sale.

8 (8) If the Rev Op Investors do not agree that ML Manager's schedule of
9 proposed distributions is correct, then the Rev Op Investors shall so notify ML Manager
10 in writing. ML Manager shall close the sale, pay the costs of sale provided for in
11 paragraph 5 and pay undisputed proposed distributions, however the disputed portions of
12 the proposed distribution of net sale proceeds will be held in escrow pending further order
13 of this Court. The Court will conduct a hearing upon motion by either the Rev Op
14 Investors or ML Manager to determine how the net sale proceeds should be distributed by
15 ML Manager.

16 (9) The Court reserves jurisdiction to resolve any and all disputes that may arise
17 in connection with this specific transaction and the distribution of the proceeds from this
18 transaction.

19 (10) This Order sets forth the stipulation between ML Manager and the Rev Op
20 Investors with respect to this sale and the other matters addressed herein. All other
21 disputes, arguments, claims, and defenses between the parties are reserved to the extent
22 not specifically resolved herein. Without limiting the generality of the preceding
23 sentence, the Rev Op Investors dispute that the ML Manager has the authority to enter
24 into any kind of transactions without the prior, express written consent of the Rev Op
25 Investors, and the parties reserve all of their rights on this authority issue. ML Manager
26 contends, among other things, that the Rev Op Investors and non-contributing pass-

1 through investors are subject to the subscription and agency agreements, that any alleged
2 termination by the Rev Op Investors was not effective, that they are subject to the
3 obligations as set forth in the documents and in the Confirmation Order (including
4 paragraph U) and the Plan. While the Rev Op Investors agree they are bound to the
5 Confirmation Order and the Plan, they disagree with the ML Manager's interpretation of
6 these documents and reserve their rights on those disputed issues, some of which are
7 subject of the pending appeal (Docket No. 2401). The parties reserve all of their
8 arguments and rights on these issues. To avoid any doubt, the reservation of rights set
9 forth in this paragraph shall in no way impair, limit or negate the ML Manager's authority
10 to enter into and close the sale transaction pursuant to the terms and provisions of the Sale
11 Agreement and this Order.

12 DATED AND ORDERED AS STATED ABOVE.

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